



NORTH CAROLINA

Department of Transportation



Overview of NCDOT Cash and Finances
Appropriations Committee on Transportation

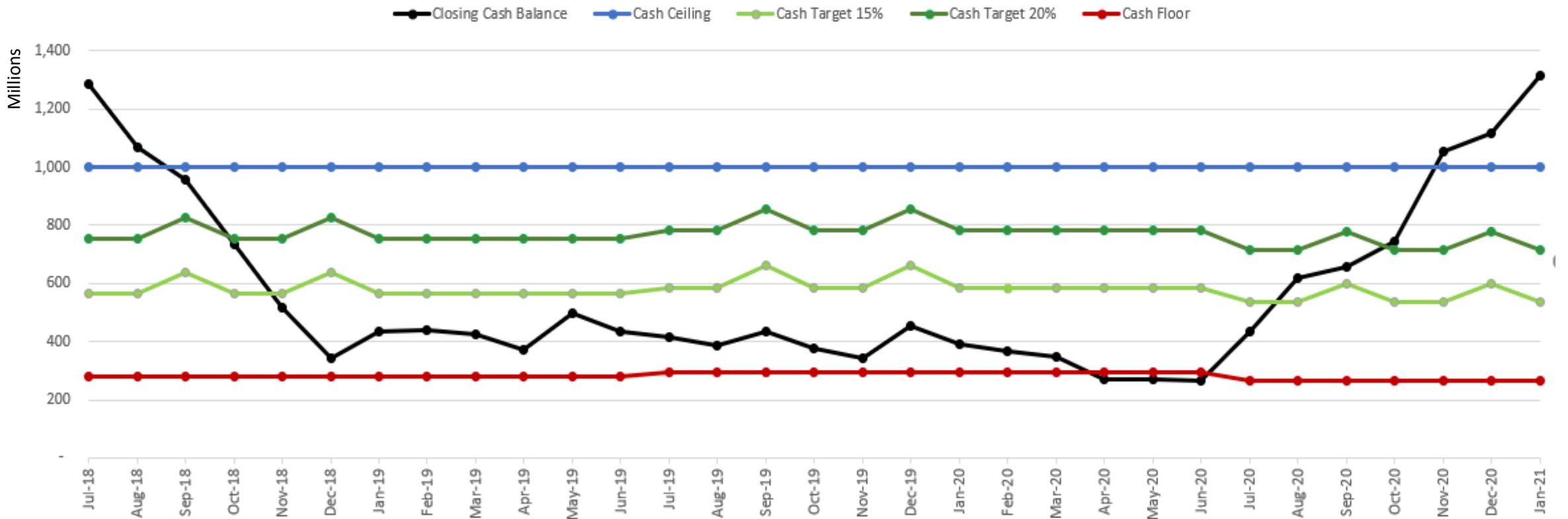
Stephanie King, Chief Financial Officer, NCDOT

February 25, 2021

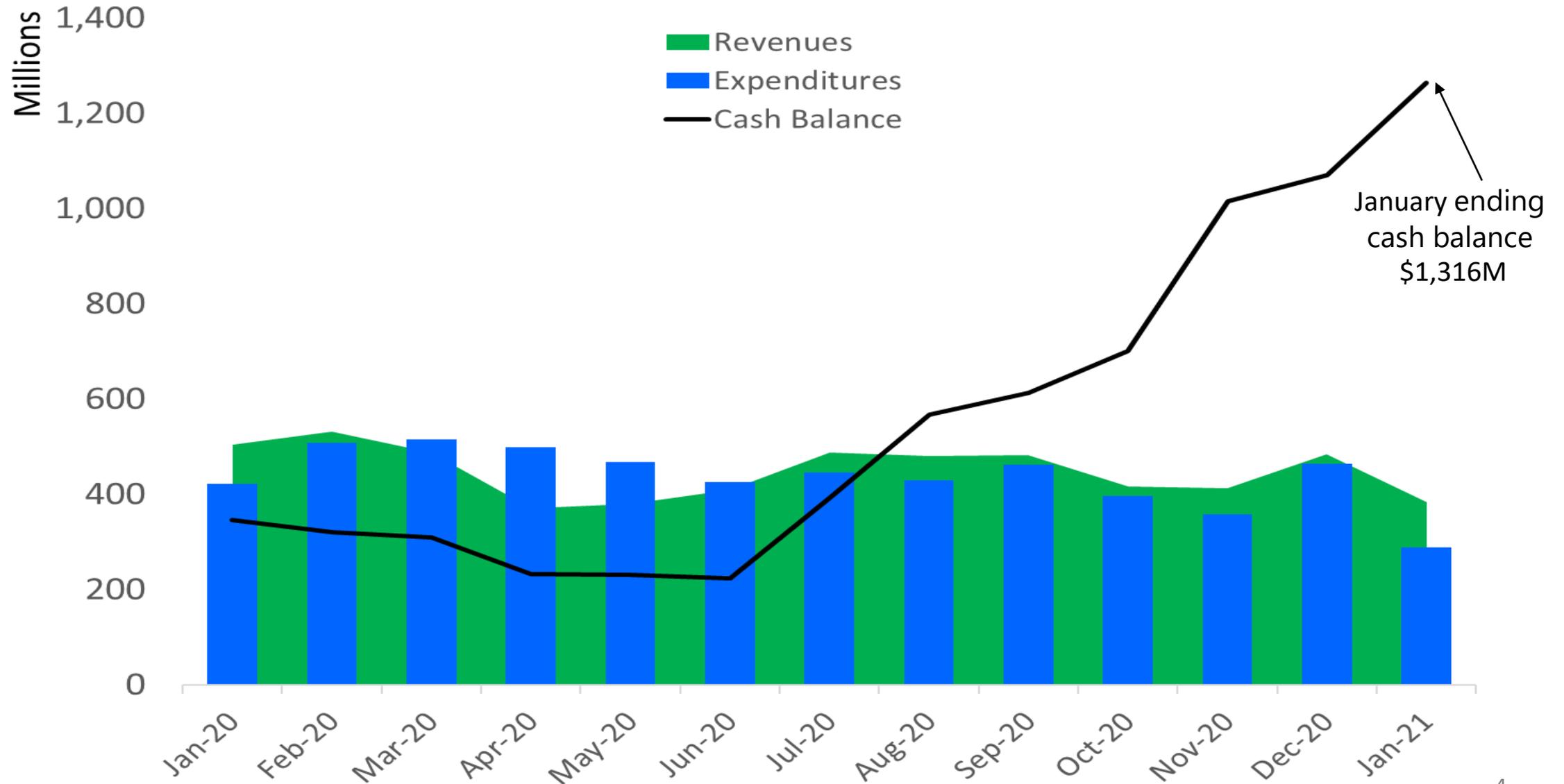
Overview of NCDOT Cash and Finances

- **Historical Cash and Cash Projections**
- **Planned and Forecasted Cash Balances**
- **Spend Plan – Development & Factors**
- **Bond Update – GARVEE & Build NC**
- **P3 Contracting Process**
- **NCDOT Expenditure Oversight – Financial Management**
- **NCDOT Financial Management Success Measures**

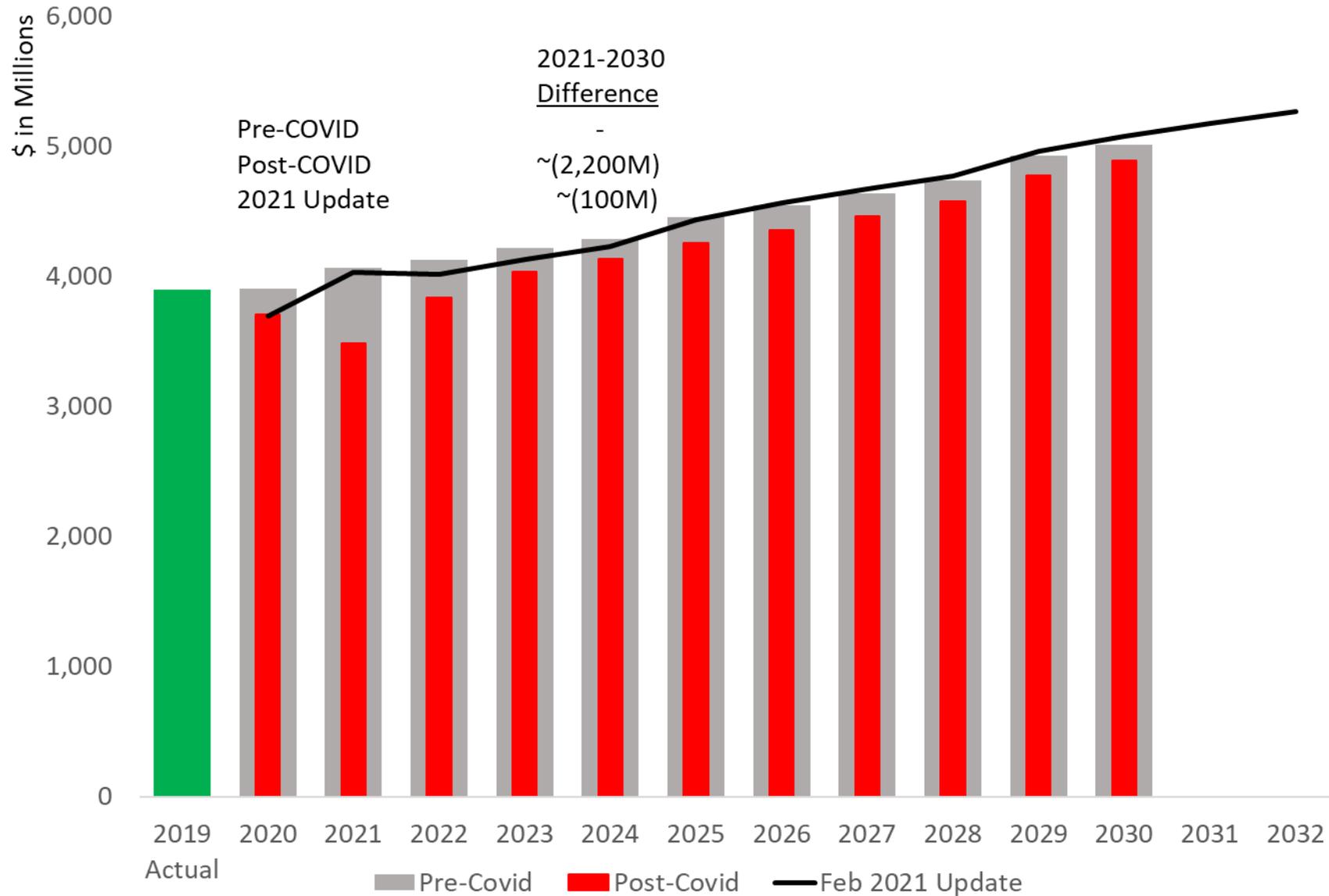
Cash Balance by Month July 2018 to January 2021



2021 Month-end Financial Indicators



Revenue Comparison - Total State Transportation



Federal Watch (2/19/2021)

- COVID Package — Memorial Day (estimate)
- FY2022 Appropriations — Due by September 30, most likely Continuing Resolution(s) before final
- Economic Recovery / Infrastructure Package — Likely combining with FAST Act Reauthorization
- Reauthorization — Expires September 30, most likely Continuing Resolution(s) before final

Planned and Forecasted Cash Balances

- SFY 21-22 Spend Plan Approved by BOT and OSBM on October 8, 2020
 - May 2020 Consensus Revenue Forecast
 - NCDOT Certified Budget (SL 2020-91)
 - Continuation of Federal-aid Revenue at existing levels
 - Assumed a Build NC sale of \$700 M in November 2020
- SFY 21-22 Spend Plan Amendment #1 Approved by BOT and OSBM on December 2, 2020
 - Amended Cash Forecast, safeguarded \$112M
 - Increased spending capacity by \$270M

Analysis - SFY 2020-2021 Cash Forecast

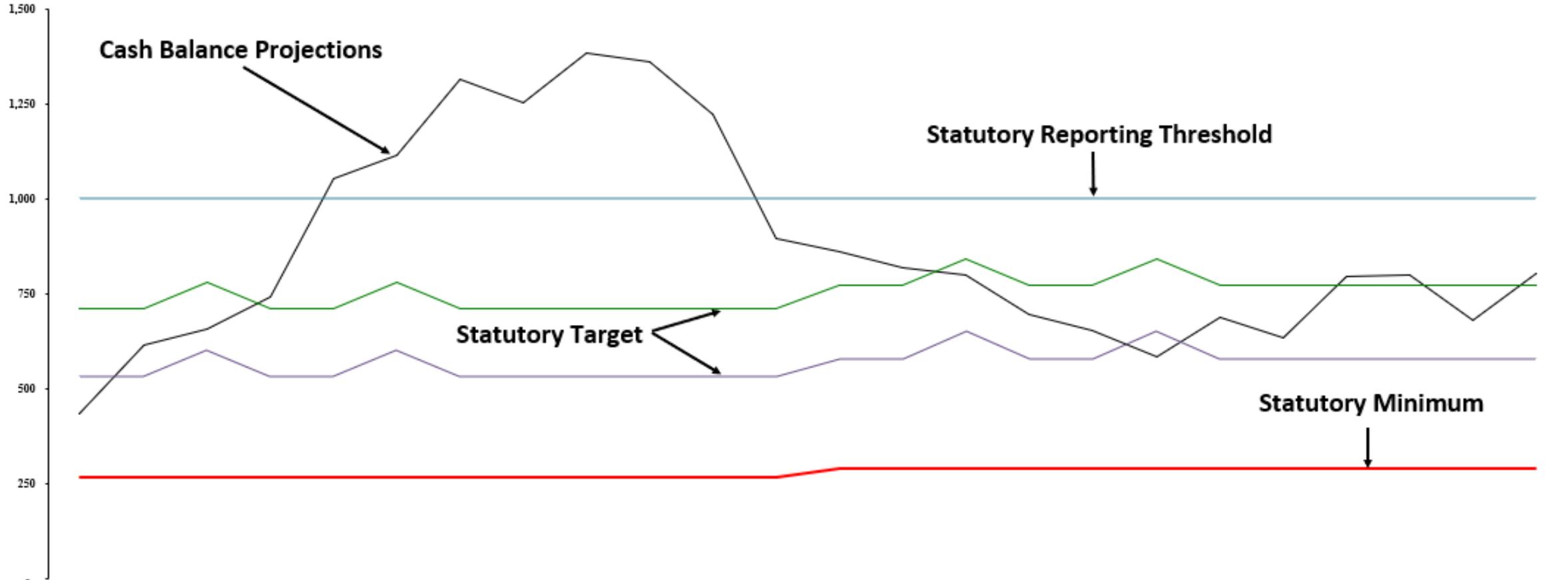
SFY 2021 Forecast	Jun-20	Oct-20	Delta
Highway Fund	2,333	2,497	164
Highway Trust Fund	1,231	1,450	219
Total	3,564	3,947	382

SFY 2021 State cash availability	382
Safeguard for potential COVID and Federal Legislative Impacts	(112)
SFY 2021 State revenue revised availability for Spend Plan Amendment 1	270

Note: All figures shown in Millions (\$)

24 Month Forecast

Spend Plan Amendment #1 Approved on 12/2/20



	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Cash Balance Projections	434	617	656	743	1,053	1,114	1,316	1,255	1,383	1,362	1,223	895	862	820	801	695	655	585	687	634	795	800	683	803
Statutory Target - 20%	713	713	779	713	713	779	713	713	713	713	713	713	773	773	843	773	773	843	773	773	773	773	773	773
Statutory Minimum	267	267	267	267	267	267	267	267	267	267	267	267	290	290	290	290	290	290	290	290	290	290	290	290
Statutory Reporting Threshold	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Statutory Target - 15%	535	535	601	535	535	601	535	535	535	535	535	535	580	580	650	580	580	650	580	580	580	580	580	580

Planned and Forecasted Cash Balances

SFY 21-22 Spend Plan Amendment #2

- Amendment #2 to be presented to BOT for approval on March 3, 2021
 - COVID Relief Package for NC – \$229.28 M expected to be received by June 30, 2021
 - Realignment of SFY 2021 spending to utilize cash this state fiscal year

Spend Plan Development Factors

State Revenue

- Consensus Revenue Forecast
- Certified Biennium Budget / Carryforwards / Overdrafts
- Legislation for Set Asides

Federal Revenue (FHWA, FTA, FRA, FAA, Highway Safety)

- Federal Appropriations
- Discretionary Grants
- CARES Act Funding
- NC Turnpike Federal Aid

Bonds - Build NC & GARVEE

- Debt Service
- Project Expenditure Forecasts

Construction and Maintenance Forecast

- STIP
- SAS Forecasts / HiCAMS Projected Payouts
- Program Projections (PE, ROW, Utilities, Safety, CEI, etc.)

Modal Operations

- Monthly Projections for:
 - Integrated Mobility Division
 - Ferry Division
 - Rail Division
 - Aviation Division

Other

- Revenue - Miscellaneous Income & Property Owners Income
- Expenditures – Admin., Transfers to Other Agencies, State Aid to Municipalities, NCTA GAP Funding

Development of Cash Spend Plan

Initial Input

- Prior to receiving the certified budget, the Cash Model starts with a baseline using the previous year appropriations, because we often do not have approved budgets at the beginning of the fiscal year (July 1)
- Cash Model developed as a joint effort by the Department's financial leadership and other Highway and Modal division-level leadership including the Chief Engineer, the Deputy Chief Engineers, the Director of Field Support, the Director of Highway Operations, and other Modal Divisions Directors
- Financial Planning Committee has significant input into development
- Improving the Spend Plan projection process to more accurately project expenditures in areas where it is possible
- Statistical modeling program used to estimate spending for projects already in progress or expected to begin within the next 12 to 36 months

Approval of Cash Spend Plan

Spend Plan Review and Approval - G.S. 143C-6-11

- Once Spend Plan is complete, reviewed by the Department's executive staff, the Financial Planning Committee, and the Finance sub-committee of the Board of Transportation
- Board of Transportation reviews, may recommend changes that may lead to revisions and re-submission
- OSBM concurrently reviews
- Upon approval by BOT and OSBM, Division staff will take the established spending targets and implement strategies to maximize asset conditions and level of service within the financial limits provided

Adjustment to Cash Spend Plan

Adjustments to the Spend Plan

- Spend Plan reviewed monthly at FPC Meeting; outcomes reported to Finance sub-committee of the Board of Transportation monthly
- For any needed changes, staff will seek approval from BOT and OSBM; immediate issues from unforeseen events reported immediately to Secretary of Transportation
- Each quarter adjustments may be needed, either to grant additional spending capacity or decrease expenditures by delaying contract lettings and reducing spending where possible
- Cash model updated monthly to reflect actual cost and revenues and any approved recommendations for spend levels

Monitoring Cash Spend Plan

Departmental Communication of the Spend Plan

- All Department staff can view the Spend Plan Dashboard and the Preliminary Engineering Dashboard; Division staff review dashboards and communicate associated results and any issues with Division of Highways leadership
- The revamped Financial Planning Committee (FPC) includes representatives from OSBM, the Federal Highway Administration, Board of Transportation, and the Secretary, CFO and Chief Engineer
- Each month, the FPC discusses financial areas including adherence to the spend plan
- Highway Divisions discuss budget to actual spending in monthly Division of Highways staff meetings
- December 2019 the Department began using a dashboard that provides real-time budget to actual comparisons at the Department and Highway Division level, with the expectation that Highway Divisions regularly visit the dashboard to ascertain the status of their planned to actual spending

Unexpended Allotments and Unallotted Appropriations

Certified Budget vs HB77 - Highway Fund Appropriations 2020-21										APPROVED 12/2		
	Certified 2021 Budget	SL 2019-251 Section 1.3 (e)	Credit Balance Legislation	FY20 Overdrafts Funded By FY21 Dollars	State Carry Forward	Federal Carry Forward	State Spend Plan	Federal Spend Plan	Total Spend Plan	Total Spent to Date	Difference \$	Difference %
DOT-General Administration	\$ 101,188,568			-	-	-	\$ 81,160,239		\$ 81,160,239	\$ 53,354,455	\$ (27,805,784)	-34%
Highway Division Administration	31,063,109			-	-	-	32,198,043		32,198,043	17,137,746	(15,060,297)	-47%
Total Admin	132,251,677	-	-	-	-	-	113,358,282	\$ -	\$ 113,358,282	\$ 70,492,201	\$ (42,866,081)	-38%
Construction Program												
State Secondary System	3,500,000		(3,551,188)	41,347	60,887,669	-	10,000,000		10,000,000	1,057,350 *	(8,942,650)	-89%
Spot Safety Improvements	12,100,000		-	684,489	32,831,835	-	30,000,000		30,000,000	2,902,694	(27,097,306)	-90%
Contingency Funds	12,000,000		(206,042)	1,993,993	40,834,385	-	30,000,000		30,000,000	1,539,986	(28,460,014)	-95%
Mobility Modernization	1,500,000		(805,685)	3,250,315	79,508,201	-	30,000,000		30,000,000	8,807,325	(21,192,675)	-71%
Total Construction Program	\$ 29,100,000		(4,562,915)	5,970,144	214,062,090	-	\$ 100,000,000		\$ 100,000,000	\$ 14,307,355	\$ (85,692,645)	-86%
Maintenance Program												
General Maintenance Reserve	518,162,344	43,731,212	(159,520)	92,864,148	57,863,938	-	535,000,000		535,000,000	241,121,530	(293,878,470)	-55%
Contract Resurfacing	558,674,899	(15,082,953)	(8,323,495)	51,200,639	264,861,435	-	475,000,000		475,000,000	158,627,496	(316,372,504)	-67%
Bridge Program	273,967,830	(8,152,492)	(50,771,568)	45,196,031	321,145,602	-	225,000,000		225,000,000	61,710,668	(163,289,332)	-73%
Bridge Preservation	69,899,551	(2,454,342)	(7,425,284)	39,979,697	26,489,476	-	60,000,000		60,000,000	28,588,588	(31,411,412)	-52%
Roadside Environmental	101,328,653	(3,020,761)	(5,921,160)	15,157,847	19,496,408	-	90,000,000		90,000,000	46,158,781	(43,841,219)	-49%
Pavement Preservation	85,358,348	(2,915,193)	(8,804,236)	10,645,386	80,811,830	-	75,000,000		75,000,000	28,666,452	(46,333,548)	-62%
Total Maintenance Program	\$ 1,607,391,625	\$ 12,105,471	(81,405,263)	255,043,747	770,668,688	-	\$ 1,460,000,000		\$ 1,460,000,000	\$ 564,873,516	\$ (895,126,484)	-61%
Ferry Operations	50,779,786	(1,367,724)		8,160,815	9,489,427	175,244	65,234,691		65,234,691	26,294,924	(38,939,767)	-60%
State Aid to Municipalities	137,079,699	(4,397,199)		-	461,641	-	132,682,500		132,682,500	132,618,463	(64,037)	0%
State Aid to Railroads	36,088,487	(1,190,144)	(269,822)	13,264	78,606,425	6,709,526	74,991,625	35,562,263	110,553,888	21,101,535 **	(89,452,353)	-81%
Integrated Mobility Division	18,012,655	(2,558,917)	(410,432)	2,816	74,661,763	80,634,929	55,940,177	166,347,641	222,287,818	37,432,026	(184,855,792)	-83%
Airports	132,164,576	(2,591,487)	(16,068,155)	6,076	155,566,183	33,413,351	199,084,810	45,000,000	244,084,810	121,936,113	(122,148,697)	-50%
Bike/Ped	761,549			5,824	1,079,342	7,975,429	761,549		761,549	289,334	(472,215)	-62%
OSHA Program	358,030			1,596	432,225	-	358,030		358,030	65,200	(292,830)	-82%
Governor's Highway Safety Program	267,914			-	399,293	35,489,001	267,914	13,532,086	13,800,000	8,095,528	(5,704,472)	-41%
Division of Motor Vehicles	142,738,242			-	-	-	135,000,000		135,000,000	66,827,340	(68,172,660)	-50%
Capital Improvements				2,350,945	36,126,405	-				3,195,640 ***	3,195,640	
Performance Energy Debt				-	-	-				144,916	144,916	
Non-System Streets				-	-	-				1,209,990	1,209,990	
MCSAP/DMV Grants	2,161,172			-	2,463,601	18,746,340	2,161,172		2,161,172	(4,429,469)	(6,590,641)	-305%
Total Misc	520,412,110	(12,105,471)	(16,748,409)	10,541,336	359,286,306	183,143,820	666,482,468	260,441,990	926,924,458	414,781,539	(512,142,918)	-55%

Certified Budget vs HB77 - Highway Fund Appropriations

2020-21

APPROVED 12/2

	Certified 2021 Budget	SL 2019-251 Section 1.3 (e)	Credit Balance Legislation	FY20 Overdrafts Funded By FY21 Dollars	State Carry Forward	Federal Carry Forward	State Spend Plan	Federal Spend Plan	Total Spend Plan	Total Spent to Date	Difference \$	Difference %
Transfers to Other State Agencies												
Agriculture	5,539,856			-	-	-	5,539,856		5,539,856	4,271,625	(1,268,231)	-23%
Revenue	5,415,158			-	-	-	5,415,158		5,415,158	2,199,963	(3,215,195)	-59%
OSC-BEST	525,408			-	-	-	525,408		525,408	418,071	(107,337)	-20%
State Ports Authority	5,500,000			-	-	-	5,500,000		5,500,000	5,500,000	-	0%
State Ethics Commission	56,816			-	-	-	56,816		56,816	30,624	(26,192)	-46%
DHHS - Chemical Test	581,675			-	-	-	581,675		581,675	436,257	(145,418)	-25%
Total Transfers to Other State Agencies	\$ 17,618,913			-	-	-	\$ 17,618,913	\$ -	\$ 17,618,913	\$ 12,856,540	\$ (4,762,373)	-27%
Reserves												
Minority Contractor Development	150,000			-	150,000	-	150,000		150,000		(150,000)	
State Fire Protection Grant	158,000			-	-	-	158,000		158,000		(158,000)	
Stormwater Discharge Permit	500,000			-	2,334,427	-	500,000		500,000		(500,000)	
Global Transpark	750,000			-	-	-	750,000		750,000	647,125	(102,875)	
Admin Reduction	(581,441)			-	-	-	(581,441)		(581,441)		581,441	
Salary Adjustment Fund	832,422			-	-	-	832,422		832,422		(832,422)	
Reserve for Call Center Consolidations	556,074			-	-	-	556,074		556,074		(556,074)	
Reserve for Legislative Increase	11,034,210			-	-	-	11,034,210		11,034,210		(11,034,210)	
Reserve for State Health Plan	1,552,177			-	-	-	3,411,891		3,411,891		(3,411,891)	
Short Term Disability	171,184			-	-	-	171,184		171,184		(171,184)	
Employer's Contribution to Retirement	11,503,049			-	-	-	10,884,765		10,884,765		(10,884,765)	
Total Reserves	\$ 26,625,675			-	2,484,427	-	\$ 27,867,105	\$ -	\$ 27,867,105	\$ 34,998,075	\$ 7,130,970	26%
Total Current Operations	2,333,400,000			271,555,228	1,346,501,510	183,143,820	2,385,326,768	260,441,990	2,645,768,758	1,112,309,226	(1,533,459,532)	
Total Highway Fund Appropriation	\$ 2,333,400,000		\$ (102,716,587)	\$ 271,555,228	\$ 1,346,501,510	\$ 183,143,820	\$ 2,385,326,768	\$ 260,441,990	\$ 2,645,768,758	\$ 1,112,309,226	\$ (1,533,459,532)	

Certified Budget vs HB77 -Highway Trust Fund Appropriation

2020-21

	Certified 2021 Budget	SL 2019-251 Section 1.3 (e)	Credit Balance Legislation	FY20 Overdrafts Funded By FY21 Dollars	State Carry Forward	Federal Carry Forward	State Spend Plan	Federal Spend Plan	Total Spend Plan		Difference \$	Difference %
Program Administration	\$ 35,626,560			-	-	-	\$ 35,626,560		\$ 35,626,560	\$ 19,391,812	\$ (16,234,748)	-46%
Bond Redemption	27,690,000			-	-	-	27,690,000		27,690,000	-	(27,690,000)	-100%
Bond Interest	29,134,500			-	-	-	29,134,500		29,134,500	6,835,275	(22,299,225)	-77%
Turnpike Authority	49,000,000			-	15,000,000	-	49,000,000		49,000,000	24,500,000	(24,500,000)	-50%
State Ports Authority	45,000,000			-	-	-	45,000,000		45,000,000	22,500,000	(22,500,000)	-50%
FHWA State Match	4,640,000			-	-	-	4,640,000		4,640,000	31,885,063	27,245,063	587%
Transfer to Visitor Center	400,000			-	-	-	400,000		400,000		(400,000)	-100%
Strategic Prioritization & Other Capital Programs	1,039,408,940		(51,260,348)	327,240,973	3,915,591,626	-	1,039,408,940	2,022,331,242	3,061,740,182	1,595,030,942	**** (1,466,709,240)	-48%
Total Trust Fund Appropriation	\$ 1,230,900,000		\$ (51,260,348)	\$ 327,240,973	\$ 3,930,591,626	\$ -	\$ 1,230,900,000	\$ 2,022,331,242	\$ 3,253,231,242	\$ 1,700,143,092	\$ (1,553,088,150)	
	\$ 3,564,300,000		\$ (153,976,935)	\$ 598,796,201	\$ 5,277,093,137	\$ 183,143,820	\$ 3,616,226,768	\$ 2,282,773,232	\$ 5,899,000,000	\$ 2,812,452,318	\$ (3,086,547,682)	

* Actuals for Secondary Construction from the Trust Fund are included

** Actuals for Railroad Program from the Highway Trust Fund are included

** Actuals for Capital Improvement from the Highway Trust Fund are included

**** Capital Program includes both the Highway Trust Fund and FHWA Funds in the Highway Fund

Appropriation vs Spend Plan

Appropriations (Current Year + Carry Forward) is the upper limit any program can fund within the year for transportation related areas such as STIP projects and Contract Resurfacing.

Carry Forward is important because for programs that are multi-year (currently we have over 6300 construction contracts and 10,300 Purchase Orders)

Unexpended Allotments and Unallotted appropriations brought forward July 1st for current projects and those getting ready to begin; vast majority of the current Carry Forward is for the FHWA program

Of these budgetary funds, we work with business areas to develop a Spend Plan, determining of the funds that are available, how much cash will be needed to pay invoices by month

As the actuals are known each month, the forecast is replaced with actual expenditures from that month

Based on monthly analysis, DOT leadership, OSBM, and the BOT make recommendations to increase or decrease the spend plan in alignment with G.S. 143C-6-11

Credit Balance Legislation

- G.S. 136-44.2(f) – Director of Budget shall allocate the Highway Fund year-ending unreserved credit balance to a reserve to be used for access, public roads, urgent road construction, or road maintenance needs
- G.S. 20-119.1 and G.S. 119-18 – Excess revenue after administrative expenses for the monitoring of overweight and oversized vehicles and the Gasoline Inspection Program will be applied to the Bridge Program
- G.S. 136.44.2(f) – Remaining funds go to the Maintenance Reserve
- Remaining credit balance funds in the Highway Trust Fund go to the Strategic Transportation Initiative

Build NC – 2019A & 2020B

Category	2019A issued 6/27/19	2020B issued 11/12/20	Total
Principal	\$300,000,000	\$700,000,000	\$1,000,000,000
Premium	\$57,343,616	\$148,687,449	\$206,031,065
Total Proceeds	<u>\$357,343,616</u>	<u>\$848,687,449</u>	<u>\$1,206,031,065</u>
True Interest Cost (TIC)	2.261999%	1.538259%	
All-In TIC	2.282843%	1.548037%	
Amortization	15 Years	15 Years	
Total Debt Service	\$422,652,087	\$949,222,264	
Debt Service Paid through January 31, 2021	\$35,013,162	\$0	
Remaining Debt Service	\$387,638,925	\$949,222,264	\$1,336,861,189
Trustee Reimbursements Received through January 31, 2021	\$330,936,326	\$283,295,865	\$614,232,191
Build NC Inception to Date Expenditures - January 31, 2021	\$1,258,526,777	Next Debt Service Payment - May 2021	\$62,421,339

* Next Build NC Sale planned for October 2021 Pending Legislative Change

2019 GARVEE Sale

Category	Bond Issued 6/2019		
Principal	\$600,000,000	True Interest Cost (TIC)	2.391087%
Premium	\$119,044,307	All-In TIC	2.403206%
Total Proceeds	\$719,044,307	Amortization	15 Years
GARVEE Inception to date Forecast Expenditures - January 31, 2021	GARVEE Inception to date Actual Expenditures - January 31, 2021	GARVEE Inception to date Forecast Reimbursements - January 31, 2021	GARVEE Inception to date Actual Reimbursements - January 31, 2021
\$776,401,738	\$705,472,756	\$538,536,101	\$437,494,835
GARVEE Inception to Date Debt Service for 2019 Sale - January 2021	GARVEE Total Bond Debt Service Remaining for 2019 Sale		
\$71,223,875	\$785,188,875		

*** Next GARVEE Sale planned for September 2021**

Public Private Partnerships

- PPPs are another financing tool available
- NCDOT currently has a cap of 3 PPPs (GS 136-18(39a)), with only one availability unused
- Existing projects
 - I-77 Tolling (debt)
 - Broadband Fiber Installation Along I-95 & I-40 (no debt)
- NCDOT has received several unsolicited proposals for PPPs
- Any debt-like proposals would require DST approval

PPP Benefits

- Risk transfer
 - Developer responsible for design, construction, financing, operation and maintenance (O&M) risks
 - Developer is responsible for cost overruns during construction and operating phases
 - Private sector accepts revenue risk
- Accelerate schedule and improve schedule certainty
- Performance-based technical requirements
- High level of customer service
- Whole-life cost optimization
- Private capital at risk and known/capped public investment
- Private sector expertise and innovation
- Single point of contact and accountability
- Typically, long term contracts

NCDOT Expenditure Oversight

- Open dialogue and support of Secretary Boyette and Chief Operating Officer Beau Memory with Financial Staff
- Continued use of front-end expenditure approvals for projects and expenditures
- Financial leads identifying and working with business areas to routinely identify projects that require funding adjustments during the fiscal year
- Discuss spending and other financial topics at the Financial Planning Committee, Operations Staff and Business Officer meetings
 - Stress the requirement to spend within spend plans
 - Identify, discuss, and target action for areas of concern
 - Financial Topics
- Target internal process improvements with business units
 - Formed work groups with fiscal and knowledgeable business area staff to address topics and make recommendations for short and long-term improvements
- Provide more visibility to financial topics
 - DOT Financial Newsletter
 - Dashboard and Website Development (Advance Construction)
 - Industry Meetings
- Development and oversight of Spend Plan
 - Forecasting cost by month
 - Using SAS Forecasting Tools with internal validation
 - Development of New Spend Plan System with Dashboard

CFO Priorities

Deliver business functions based on outcomes:

- Financial integrity and compliance in all aspects of financial, budget, purchasing, and spend plan management
- Ensure all essential functions in financial functions are achieved – *NCDOT employees are paid accurately and timely and they are informed about insurance offerings*
- Hire and promote talent to develop financial professionals and future leaders as a career choice that know DOT's mission and goals and deliver each day
- Problem solving, cross training and process improvements for all areas
- Partner and effectively communicate with respective business areas, state and federal stakeholders, industry and sister DOT's
- Organizationally structure the area to meet the growing demand of financing strategies and implementation of new revenue models

Questions?



Stephanie King
Chief Financial Officer

sjking@ncdot.gov